

Cyprus

an International Business Centre
in Europe



P.V. PANAYIOTOU & CO
Chartered Certified Accountants



Our Firm

P.V. Panayiotou & Co is a dynamic and progressive firm of Chartered Certified Accountants located in Cyprus offering an extensive range of accountancy and consulting services to meet your needs.

We are in practice since 1995 and our reputation is based on the quality of our service, on our commitment to deliver in time, and on our ability to provide personalised service with individual attention to your specific needs.

Our systems have been developed over the years, and we are proud of our ability to keep pace with the ever-changing environment of today's business world. In this fast moving, complex, and highly competitive business environment businessmen need the support of professionals who provide on-time, effective solutions to help their business move forward. We work to the highest level of professional standards and comply with all relevant regulations.

Our clients, of course, expect this and rely on us to help them meet their many obligations. We recognise that these are major concerns for modern business people.

The firm's partner is a Fellow of the Association of Chartered Certified Accountants and also a member of the Institute of Certified Public Accountants in Cyprus (ICPAC).

Our firm has the practicing certificate from the Institute of Certified Public Accountants of Cyprus (ICPAC), the only authorised body that regulates and supervises the accountancy profession in Cyprus.

Our Philosophy - The Personal Touch

We are big on relationships at P.V. Panayiotou & Co. We know that effective accountancy is about working closely with clients: getting to know you and your business.

We provide everything you would expect from a large international firm but we are a local independent practice so you enjoy the added benefit of our personal attention.

Building close relationships with clients enables us to offer sound, practical advice which is always geared towards your needs but reflecting the latest practice developments and management techniques.

Members of:



Our Services

Audit and Assurance

Our core audit and assurance services include statutory audits, internal audits and due diligence investigations into potential business acquisitions.

As External Auditors our prime responsibility is to form an independent opinion on the financial statements which comply with local legislations and which have been prepared in accordance with International Financial Reporting Standards. Our audits are conducted in accordance with International Standards on Auditing.

We view our role in the financial reporting process as an opportunity to provide constructive recommendations on financial processes, key controls and performance indicators.

Tax Planning

We can provide leading edge advice to individuals and businesses in developing tax strategies which meet all compliance requirements and legitimately minimise their tax liabilities.

An important part of our practice is to assist International Business Companies that operate in more than one jurisdiction. The application of Double Tax Treaties and proper planning can avoid the impact of paying tax twice on the same income or profits, or may even reduce or eliminate tax liabilities altogether.

We are able to help you structure your business in a tax-efficient manner by utilising Double Tax Treaties and other tax relevant legislation.

Other Services

Our firm can also undertake the formation of companies and the provision of Management & Accountancy, Administrative and Secretarial Services.



About Cyprus

Cyprus is situated in the north eastern basin of the Mediterranean Sea at the crossroads of three continents: Europe, Asia and Africa. The strategic location of the island is an important factor that has contributed to its development into a major International Business Centre.

On 1 May 2004 Cyprus joined the European Union as a full member. The Country's legislations, including its tax legislation, is harmonised with the European Union directives and guidelines as well as OECD requirements against harmful tax practices.

On the 1 January 2008 Cyprus adopted Euro as its unit of currency and entered the Euro zone, further confirming the country's macro-economic stability.

Cyprus has developed as a competitive business centre offering excellent professional services, maintaining a high standard of telecommunication services as well as having frequent air

connections to and from the island. These factors combined with the favourable tax regime maintain and enhance the competitiveness of Cyprus as a financial centre.

Over the past twenty years, Cyprus has established itself as the main financial centre for inward investments in Russia, Central and Eastern Europe. This is mainly due to its excellent infrastructure, geographic location, the strong cultural and political ties it has with this region and most importantly its comprehensive treaty network with all the major countries in the region.

The reputation of Cyprus as a holding company location has increased substantially following its accession to the EU. As a result, it is fast becoming the preferred holding company location for inward and outward investments in the EU and other countries.



Why Cyprus

Cyprus is considered the most attractive European tax regime by major business organisations across Europe.

Cyprus International Business Companies (IBC) can enjoy some of the following major fiscal advantages:

- ◆ As from 1 January 2003 there is no distinction between local companies and IBC. Net profits of IBC and international branches managed and controlled from Cyprus are taxed at the corporate income tax rate of 10%, the lowest rate in the European Union.
- ◆ International business branches and international business partnerships which are managed and controlled from abroad are totally exempt from corporation or income tax.
- ◆ Profits earned from a permanent establishment abroad are fully exempt from tax in Cyprus.
- ◆ Dividend income is exempt from tax provided that at least 1% holding is maintained in the company paying the dividend. This exemption will not apply if more than 50% of the paying company's activities result directly or indirectly in investment income and the foreign tax burden is substantially lower than that in Cyprus.
- ◆ No withholding tax on dividends paid to non-resident shareholders and on payments of interest and royalties outside Cyprus, irrespective of the existence of a double tax treaty.
- ◆ Profit from the disposal of securities is exempt from Cyprus Tax irrespective of whether this profit forms part of a company's trading activity or is of a capital nature.
- ◆ Cyprus has an extensive network of Double Taxation Treaties, currently with 40 countries. Most treaties provide for reduced or nil rates of withholding tax on dividends, interest and royalties paid out of the treaty country and the avoidance of double taxation in the case where a resident in one of the treaty countries derives income from the other treaty country.
- ◆ Tax credit for any taxes paid abroad is given unilaterally irrespective of the existence of a double tax treaty.
- ◆ Benefit from the EU parent subsidiary directive that provides for no withholding tax on dividends paid between associated enterprises (a holding of at least 15% currently and will fall to 10% in Jan-2009) that are both situated in the EU.
- ◆ No capital gains tax on disposal of real estate or other assets situated outside Cyprus.
- ◆ No capital gains tax or income tax on the liquidation of the IBC or of participations held.
- ◆ No time restrictions on carrying forward tax losses and existence of group relief for utilization of tax losses.
- ◆ Cyprus VAT is not applicable on activities outside EU. The standard VAT rate is 15% the lowest in EU and depending on the IBC's activities, VAT suffered can be recovered.
- ◆ No inheritance, estate or other taxes on shares held in a Cypriot company. No capital taxes or wealth taxes and no significant capital and stamp duties.



For further information you may contact our office in Cyprus at the following: address:

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